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The Dodd-Frank Wall Street Reform and Consumer Protection Act And it's Impact upon Federal Savings Associations

The Dodd-Frank Wall Street Reform and Consumer Protection Act results in the functions and responsibilities of the Office of Thrift Supervision (OTS) being divided among the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC). On July 21, 2011, supervision of federal savings associations will be transferred from the OTS to the OCC. All suits, orders, regulations, resolutions, determinations, etc. that have been issued by the OTS will be transferred and remain in effect, and are enforceable.

The Dodd-Frank Act preserved charter choice as a fundamental element of the dual banking system. Federal savings association may choose to change its charter. A federal savings association should consider the advantages of a state savings bank or state bank charter.

A savings association that becomes a state chartered thrift or bank may: (1) continue to operate any branch it operated immediately before the savings association became a bank; and (2) establish, acquire and operate additional branches in any state in which the savings association operated, depending upon the law of the state in which the branch is located or is to be located.

State Savings Association

If a federal savings association chooses to convert to a state savings association, the association will become subject to prudential supervision by the state in which it becomes chartered and the FDIC. The state savings association will also be subject to rules promulgated by the Consumer Financial Protection Bureau (CFPB) and may, depending upon the size of the savings association be subject to enforcement by the CFPB.

State Bank

If a federal savings association chooses to convert to a state bank, the bank will become subject to prudential supervision by the state in which it is chartered and either the FDIC or the Federal Reserve. The state bank will also be subject to rules promulgated by the CFPB and may, depending upon the size of the state bank, be subject to enforcement by the CFPB.

Regulatory Conversions

The American Council of State Savings Supervisors (ACSSS) supports a savings association's choice of regulatory charter and believes choice is a vital characteristic of our nation's unique dual-banking system. However, ACSSS does not condone regulatory conversions that undermine the supervisory process. As a member of the Federal Financial Institutions Examination Council's State Liaison Committee, ACSSS supports the July 2009 [FFIEC Statement on Regulatory Conversions](#). The statement reaffirms that charter conversions or changes in primary federal regulator should only be conducted for legitimate business and strategic reasons. Conversion requests submitted while serious or material enforcement actions are pending with the current chartering authority or primary federal regulator should not be entertained. In addition, the Dodd Frank Act forbids charter conversions for institutions under a formal enforcement order or memorandum of understanding. A conversion can only be conducted with the cooperation and consent of the regulator that issued the order or memorandum of understanding.

State savings supervisors are committed to working with the industry and the federal agencies to ensure charter conversions are conducted appropriately and in the best interest of the safety and soundness of the institution.

The American Council of State Savings Supervisors (ACSSS) is the organization for state thrift regulators, providing technical and supervisory training to state financial institution regulatory agencies and examiners nationwide. ACSSS also provides supervisory information and insight in support of the state charter for savings institutions through FFIEC participation.